

PARKROSE SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013



12700 SW 72nd Ave.
Tigard, OR 97223

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT
For the Year Ended June 30, 2013

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2013

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Alesia Reese	Board Member, Position #1	June 30, 2013
David Horton	Board Member, Position #2	June 30, 2013
Thuy Tran	Board Member, Position #3	June 30, 2013
Ed Grassel Jr., Vice Chair	Board Member, Position #4	June 30, 2013
James Woods, Chair	Board Member, Position #5	June 30, 2013

Board Members receive mail at the District office address listed below.

ADMINISTRATION

Dr. Karen Fischer Gray, Superintendent
Mary Larson, Director of Business Services

10636 N.E. Prescott Street
Portland, Oregon 97220-2699

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

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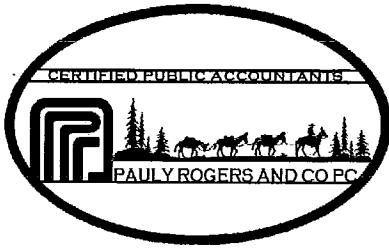
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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

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November 4, 2013

To the Board of Directors
Multnomah County School District No. 3
Multnomah County, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 3, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 3, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of federal expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2013 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over

financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 4, 2013, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
(PARKROSE SCHOOL DISTRICT NO. 3)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

As management of Multnomah County School District No. 3 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2013 by \$43,053,762. Of this amount, \$9,789,917 represents the District's investment in capital assets, net of related debt. The District has \$1,107,534 of net assets restricted and expendable for debt service. The District's unassigned net assets are (\$15,961,601).
- The District's governmental funds report combined ending fund balance of \$50,645,887, a decrease of \$14,621,375 in comparison with the prior year. Of this total, \$49,225,446 is restricted for future payments for services, \$889,244 is committed by board resolution for various purposes, and \$531,197 is unassigned and available to spend at the discretion of the board of directors.
- The District's long-term debt decreased by \$1,158,510 (1.75 percent) during the 2012-13 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:

The Statement of Net Position. The statement of net position presents information on all of the assets and liabilities of the District at year end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities. The statement of activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category:

Governmental Activities. Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, proceeds from the sale of long term general obligation bonds and other intergovernmental revenues.

The government-wide financial statements can be found on pages 5 - 6 of this report.

Fund Financial Statements: The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Multnomah County School District No. 3, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The District maintains twenty nine individual governmental funds, three of which have been reported as major funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund.

The basic governmental fund financial statements can be found on pages 7 and 9 of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 12-30 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position

	Total School District Governmental Activities 2013	Total School District Governmental Activities 2012
Assets		
Current and other assets	\$ 55,398,903	\$ 69,630,577
Net capital assets	<u>56,382,774</u>	<u>41,794,896</u>
Total Assets	<u>111,781,677</u>	<u>111,425,473</u>
Liabilities		
Long-term debt outstanding	\$ 64,928,065	\$ 66,086,575
Other liabilities	<u>3,799,850</u>	<u>3,449,137</u>
Total Liabilities	<u>68,727,915</u>	<u>69,535,712</u>
Net Position		
Invested in capital assets, net of related debt	\$ 9,789,917	\$ 37,465,558
Restricted	49,225,446	63,261,867
Unrestricted	<u>(15,961,601)</u>	<u>(58,837,664)</u>
Total net position	<u>\$ 43,053,762</u>	<u>\$ 41,889,761</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$43,053,762 at June 30, 2013.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 50 percent of total assets. The remaining assets consist mainly of investments, cash, inventories, and property taxes receivable.

The District's largest liability (94 percent) is for the repayment of general obligation bonds. Current liabilities, representing about 6 percent of the District's total liabilities, consist of payables on accounts, salaries, and benefits, and current portions of bonds and leases payable.

The District's net position is largely invested in capital assets (e.g., land, buildings, vehicles and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities: A comparative analysis from the previous year's activity is provided below. During the current fiscal year, the District's net position decreased by \$1,164,001. The revenues and expenses shown below explain changes in net assets for the fiscal year 2013.

	Total School District Governmental Activities 2013	Percentage of Total	Total School District Governmental Activities 2012	Percentage of Total
Revenues				
Program Revenues				
Charges for services	\$ 739,073	2.04%	\$ 803,093	2.26%
Operating Grants & Contribution	<u>3,799,358</u>	<u>10.48%</u>	<u>4,111,971</u>	<u>11.58%</u>
Total Program Revenues	<u>4,538,431</u>	<u>12.52%</u>	<u>4,915,064</u>	<u>13.85%</u>
General Revenues				
Property taxes	17,284,285	47.68%	16,428,358	46.28%
State school fund	12,178,539	33.59%	12,339,270	34.76%
Common school fund	344,965	0.95%	314,221	0.89%
Unrestricted Other Sources	618,592	1.71%	472,003	1.33%
Investment earnings	501,540	1.38%	396,343	1.12%
Other	<u>785,593</u>	<u>2.17%</u>	<u>635,219</u>	<u>1.79%</u>
Total General Revenues	<u>31,713,514</u>	<u>87.48%</u>	<u>30,585,414</u>	<u>86.15%</u>
Total Revenues	<u>36,251,945</u>	<u>100.00%</u>	<u>35,500,478</u>	<u>100.00%</u>
Expenses				
Instruction	19,559,984	53.99%	20,033,833	52.82%
Supporting services	12,286,220	33.91%	13,433,345	35.42%
Community services	2,212,455	6.11%	2,240,635	5.91%
Interest on long-term debt	<u>2,171,338</u>	<u>5.99%</u>	<u>2,217,673</u>	<u>5.85%</u>
Total Expenses	<u>36,229,996</u>	<u>100.00%</u>	<u>37,925,486</u>	<u>100.00%</u>
Change in Net Position	21,949		(2,425,008)	
Restatement – Change in Accounting Principle	0		0	
Net position – beginning	<u>41,889,761</u>		<u>44,314,769</u>	
Prior Period Adjustment	<u>1,142,052</u>		<u>0</u>	
Net position – ending	\$ <u>43,053,762</u>		\$ <u>41,889,761</u>	

Revenues: Since the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 87 percent of the funding required for governmental programs. Property taxes and State School Fund combined account for 96 percent of general fund revenues and 81 percent of total revenues.

Operating grants and contributions account for 10 percent of total revenues. Included in this category is \$1,582,658 for federal reimbursement under the national school lunch program. Other federal and state grants for designated programs totaled \$2,139,860.

Expenses: Expenses related to governmental activities are presented in five broad functional categories. Costs of direct classroom instruction activities account for approximately 53 percent of the total expenses of \$36,229,996. In addition, approximately half of the costs in supporting services relate to students, instructional staff and school administration.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2013, the District's governmental funds reported combined ending fund balances of \$50,645,887 (exclusive of inventory), a decrease of \$14,621,375 in comparison with the prior year. About \$531,197 (1.05 percent) of the ending fund balance constitutes unassigned ending fund balance, which is available for spending at the direction of management. Additionally, \$1,107,534 is designated for debt service obligations.

General Fund: The General Fund is the chief operating fund of the District. As of June 30, 2013, ending fund balance was \$531,197. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 1.92 percent of total General Fund's expenditures.

The fund balance decreased by \$365,992 during the current fiscal year. This decrease can be mainly attributed to increased actual expenditures.

During the year all General Fund expenditures were within budget.

Debt Service Fund: The Debt Service Fund has a total fund balance of \$1,046,292 all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year was \$1,908,840. This is due to a reduction in property tax revenues.

Capital GO Bond Projects Fund: The GO Bond Capital Projects Fund has a total fund balance of \$47,974,499. The net decrease in fund balance during the current year was \$11,742,592. This fund has been developed because of the successful May 17, 2011 bond election. With the passing of Measure 26-123, a new middle school will be constructed on the existing site. Additionally, district wide safety, security, and technology upgrades will be made. The four elementary buildings have had or will have renovation projects that include roofing, windows, multi-purpose instructional space and better monitoring of students for safety purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was \$28,010,532 for the fiscal year ended June 30, 2013. The Board of Directors made several additional appropriations during the year. The budget approximated that of the prior year, but the district continues to face challenges of maintaining programs in the face of decreased funding over the last several years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2013, the District had invested \$56,382,774 in capital assets, net of depreciation.

During the year, the District's investment in capital assets increased by \$14,587,878 (including depreciation). The major capital asset events for the year consisted of building improvements at various schools.

Additional information of the District's capital assets can be found in note 5 on page 21 of this report.

Long-term Debt: At the end of the current fiscal year, the District had total long term debt outstanding of \$64,928,065 consisting of general obligation debt net of unamortized premium/discount, a Qualified Zone Academy Bond (QZAB), and the district's liability for Other Post-Employment Benefits (OPEB).

During the current fiscal year, the District's total debt decreased by \$1,158,510, (1.75 percent).

Moody's Investors Services assigned an underlying rating of Aa3 to Multnomah County School District 3 (Parkrose), OR's General Obligation Bonds, Series 2011A (Tax-Exempt) and Series 2011B (Qualified Zone Academy Bonds). They have also assigned an enhanced rating of Aa1 to the bonds based on the Oregon School Bond Guaranty Program.

Additional information on the District's long-term debt can be found in note 7 on page 23 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District is the State of Oregon's State School Fund. For the year ended June 30, 2013, the State School Fund - General Support provided 33.59 percent of the District's program resources. Factors for next year's budget will be the estimate of State School Fund based on the March estimate.

Salaries and benefits costs are expected to increase in 2013-14, based on current contractual obligations.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Director of Business Services and Operations at 10636 NE Prescott Street, Portland, OR 97220.

A handwritten signature in black ink, appearing to read "Mary Larson", written over a horizontal line.

Mary Larson
Director of Business Services and Operations

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GOVERNMENT WIDE FINANCIAL STATEMENTS

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 52,994,595
Receivables:	
Accounts and Grants	1,245,766
Property Taxes	1,158,542
Non-Depreciable Capital Assets	9,049,684
Capital Assets, Net of Depreciation	<u>47,333,090</u>
Total Assets	<u>111,781,677</u>
LIABILITIES:	
Accounts Payable	1,907,370
Accrued Salaries and Benefits	1,768,731
Bond Interest Payable	84,127
Accrued Vacation Payable	39,622
Long Term Debt:	
Due Within One Year	1,327,857
Due in More Than One Year	<u>63,600,208</u>
Total Liabilities	<u>68,727,915</u>
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	9,789,917
Restricted for:	
Debt Service	1,107,534
Food Service	64,660
Contributions	34,296
Capital Projects	48,018,956
Unrestricted	<u>(15,961,601)</u>
Total Net Position	<u>\$ 43,053,762</u>

See accompanying notes to the basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expense</u>	<u>PROGRAM REVENUES</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities:				
Instruction	\$ 19,559,984	\$ 49,641	\$ 1,303,936	\$ (18,206,407)
Support Services	12,286,220	478,189	773,966	(11,034,065)
Community Services	2,212,455	211,243	1,721,456	(279,755)
Interest on Long-Term Debt	2,171,338	-	-	(2,171,338)
Total Governmental Activities	\$ 36,229,996	\$ 739,073	\$ 3,799,358	(31,691,565)
 GENERAL REVENUES:				
				17,284,285
Property Taxes				618,592
Unrestricted Other Sources				12,178,539
State School Fund - General Support				344,965
Common School Fund				501,540
Investment Earnings				785,593
Other				<u>785,593</u>
Total General Revenues				<u>31,713,514</u>
Change in Net Position				21,949
Net Position - Beginning				41,889,761
Prior Period Adjustment				<u>1,142,052</u>
Net Position - Ending				<u>\$ 43,053,762</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL GO BOND FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and Investments	\$ 2,159,266	\$ 1,006,475	\$ 49,605,919	\$ 222,935	\$ 52,994,595
Receivables:					
Taxes	932,430	226,112	-	-	1,158,542
Accounts and Grants	278,487	23,259	93	943,927	1,245,766
Total Assets	\$ 3,370,183	\$ 1,255,846	\$ 49,606,012	\$ 1,166,862	\$ 55,398,903
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 202,894	\$ -	\$ 1,631,513	\$ 72,963	\$ 1,907,370
Accrued Salaries and Benefits	1,768,731	-	-	-	1,768,731
Deferred Revenue	867,361	209,554	-	-	1,076,915
Total Liabilities	2,838,986	209,554	1,631,513	72,963	4,753,016
Fund Balances:					
Restricted for:					
Debt Service	-	1,046,292	-	61,242	1,107,534
Food Service	-	-	-	64,660	64,660
Contributions	-	-	-	34,296	34,296
Capital Projects	-	-	47,974,499	44,457	48,018,956
Committed	-	-	-	889,244	889,244
Unassigned	531,197	-	-	-	531,197
Total Fund Balances	531,197	1,046,292	47,974,499	1,093,899	50,645,887
Total Liabilities and Fund Balances	\$ 3,370,183	\$ 1,255,846	\$ 49,606,012	\$ 1,166,862	\$ 55,398,903

See accompanying notes to the basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.3
MULTNOMAH COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2013

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS		\$	50,645,887
Capital assets are not financial resources and therefore are not reported in the governmental funds.			
Cost		\$	77,777,696
Accumulated Depreciation			<u>(21,394,922)</u>
			56,382,774
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.			
			1,076,915
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.			
Long term Liabilities:			
Accrued Vacation Payable		\$	(39,622)
Bond Interest Payable			(84,127)
OPEB Liability			(2,049,493)
General Obligation Bonds Payable			<u>(62,878,572)</u>
			<u>(65,051,814)</u>
TOTAL NET POSITION		\$	<u><u>43,053,762</u></u>

See accompanying notes to the basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL GO BOND FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property Taxes	\$ 13,671,414	\$ 3,582,590	\$ -	\$ -	\$ 17,254,004
Intergovernmental-Federal	-	-	-	3,722,518	3,722,518
Intergovernmental-State and Local	12,880,123	-	-	273,764	13,153,887
Charges for Services	96,017	-	-	708,105	804,122
Earnings on Investments	48,903	23,480	428,809	348	501,540
Miscellaneous	285,219	-	34,582	465,792	785,593
Total Revenues	26,981,676	3,606,070	463,391	5,170,527	36,221,664
EXPENDITURES:					
Current:					
Instruction	16,853,316	-	-	1,982,814	18,836,130
Support Services	10,536,438	-	-	1,343,950	11,880,388
Enterprise and Community Services	90,057	-	-	2,040,513	2,130,570
Facilities Acquisition and Construction	-	-	5,369,817	247	5,370,064
Capital Outlay	-	-	9,153,474	131,954	9,285,428
Debt Service:					
Principal	142,857	1,025,000	-	-	1,167,857
Interest	-	2,109,759	62,843	-	2,172,602
Total Expenditures	27,622,668	3,134,759	14,586,134	5,499,478	50,843,039
Excess of Revenues Over, -Under					
Expenditures	(640,992)	471,311	(14,122,743)	(328,951)	(14,621,375)
Other Financing Sources, (Uses):					
Transfers In	275,000	-	-	80,000	355,000
Transfers Out	-	-	-	(355,000)	(355,000)
Total Other Financing Sources, -Uses	275,000	-	-	(275,000)	-
Net Change in Fund Balance	(365,992)	471,311	(14,122,743)	(603,951)	(14,621,375)
Beginning Fund Balance	897,189	2,955,132	59,717,091	1,697,850	65,267,262
Prior Period Adjustment	-	(2,380,151)	2,380,151	-	-
Ending Fund Balance	\$ 531,197	\$ 1,046,292	\$ 47,974,499	\$ 1,093,899	\$ 50,645,887

See accompanying notes to the basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2013

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS	\$ (14,621,375)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:	
Expenditures for Capital Assets	\$ 14,706,339
Less Current Year Depreciation	<u>(\$1,260,513)</u>
	13,445,826
Repayment of bond and principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Debt principal repaid.	\$1,167,857.00
In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an expense when due.	\$1,264.00
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue.	\$30,281.00
Compensated absences and OPEB liability are recognized as expenditure in the governmental funds when they are paid. In the Statement of Activities these liabilities are recognized as an expenditure when earned.	
Accrued Vacation Payable	\$7,443.00
OPEB Liability	<u>(\$9,347)</u>
CHANGE IN NET POSITION	\$ <u>21,949</u>

See accompanying notes to the basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2013

	<u>AGENCY FUNDS STUDENT ACTIVITY FUNDS</u>
ASSETS:	
Cash and Investments	\$ <u>200,881</u>
Total Assets	<u>200,881</u>
LIABILITIES:	
Due to Student Organizations	<u>200,881</u>
NET POSITION:	
Total Net Position Unrestricted	<u>\$ -</u>

See accompanying notes to the basic financial statements

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

Reporting Entity

Multnomah County School District No. 3 (the District) is a municipal corporation governed by an elected five member Board of Directors. Administration officials are approved by the Board. The daily functioning is under the supervision of the Superintendent. As required by generally accepted accounting principles in the United States of America, all activities except fiduciary activities have been included in the government-wide financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, there is not a financial benefit/burden and the District is not financially accountable for any of these entities, in accordance with GASB 61 and therefore, none of them are considered component units and are not included in these basic financial statements.

Basis of Presentation

The government-wide financial statements, (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities. The effect of interfund activity has been removed from these statements. Fiduciary funds are not included in the government-wide financial statements because the resources of fiduciary funds are not available to support programs. Fiduciary funds are reported in the Financial Statements as part of the Basic Financial Statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the fiduciary fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Net position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories.

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, net of accumulated depreciation.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that are not included in the other categories previously mentioned.

The government-wide financial statements and the fiduciary fund financial statements are both reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available (“susceptible to accrual”). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. Property taxes associated with the current fiscal period, are considered to be susceptible to accrual, if received in cash or by a County collecting such taxes within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available.

There are the following major governmental funds:

General Fund

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

Debt Service Fund

The Debt Service Fund accounts for the payment of principal and interest on bonds used for major construction projects. The principal source of revenue is property taxes.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital GO Bond Fund

The Capital GO Bond Fund accounts for the bond issuance and related construction.

Special Revenue Funds Rolled into the General Fund for GASB 54 Purposes

As discussed in Note 1(fund equity), financial statements for periods beginning after June 15, 2010 must report as Special Revenue funds only those which have a substantial portion of revenue inflows from restricted or committed revenue sources. The following funds are combined into the General Fund because the primary revenue source is transfers from the General Fund or there is no revenue to report.

Early Retirement Fund

The Early Retirement Fund was created as a reserve to set aside funds for the contingency of employees retiring early in any given year. There are currently no ongoing revenues.

Technology Replacement Fund

The Technology Replacement Fund was created as a reserve to provide for future technology purchases as current assets become obsolete or outdated.

Textbook Fund

The Textbook Fund is a reserve for purchases of textbooks in future years. There are currently no ongoing revenues.

There is also a column for combined nonmajor funds. These funds are not considered major due to the volume of their activities. They are for specific educational projects and programs.

Additionally, the following other fund type is reported:

Fiduciary Fund

This fund type is comprised of an Agency Fund, which accounts for the transactions of the student body activity accounts. Students and faculty of the various schools manage the student body activity funds.

Cash and Investments

For the purpose of the statement of net position and the balance sheets, monies in the Oregon State Local Government Investment Pool, savings deposits, demand deposits and cash with the county treasurer are considered to be cash and investments.

Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Other investments are stated at amortized cost, which approximates fair value.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens; therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

Supplies Inventories

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in the inventories at USDA wholesale value. The inventory is accounted for based on the consumption method. Under the consumption method, inventory is recorded when purchased and expenditures/expenses are recorded when inventory items are used. Donated commodities consumed during the year are reported as revenues and expenditures. The Food Service Fund reports inventory and a corresponding reserve for inventory in the fund financial statement. The reserve for inventory is reported in addition to the fund's equity on the balance sheet. At June 30, 2013 management reported no material inventories on hand.

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal, state and local grants. All are considered collectible by management, and therefore, there is no allowance for uncollectible accounts.

Grant Accounting

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

Capital Assets

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Buildings and improvements	10 to 50 years
Vehicles and Equipment	5 to 30 years

Compensated Absences

It is policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when an employee separates from service. All vacation pay is accrued when incurred in the government-wide financial statements.

Long Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. As permitted by GASB Statement No. 34, the cost of prior bond issuance is amortized prospectively from the date of adoption of GASB Statement No. 34.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Retirement Plans

Substantially all of the employees are participants in Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

Certified employees who meet the requirements for PERS benefits and have 15 years of qualifying employment, are eligible for early retirement benefits which are funded and charged to expenditures as payments become due to early retirees.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The uses of committed funds are approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority has been granted to the Superintendent and the Business Manager.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There are no nonspendable or assigned fund balances.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

The budget process begins early in each fiscal year with the establishment of the budget committee. In the fall, public input is invited as the Board decides the budget priorities for the next year. Recommendations are developed through late winter with the budget committee approving the budget in the spring. Public notices of the budget hearing are published generally in the spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund:

LEVEL OF CONTROL

Instruction
Support Services
Enterprise and Community Services
Facilities Acquisition and Construction
Other Uses of Funds: Interfund Transactions
Debt Service
Operating Contingency

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which was not determined at the time the budget was adopted.

Budget amounts shown in the budgetary financial statements reflect the original adopted budget and the final amended budget. Amendments to the original budget amounts included supplemental appropriations.

Excess of Expenditures Over Appropriations

Expenditures of the various funds were within authorized appropriations, except for Private Grant Fund – Instruction by \$1,272, and Capital Projects Fund – Support Services by \$15,159.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. BUDGETARY BASIS OF ACCOUNTING

While the financial position, results of operations, and changes in fund balance/net position is reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of required supplementary information and supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis is the classification of capital outlay, which for budgetary purposes is reported within the functional categories at the level of appropriation control, and depreciation expense, which is not reported at the fund level. On a GAAP basis, capital outlay is separately reported after current expenditures. In addition, on the budgetary basis of accounting, inventory is accounted for on the purchases method. Under this method, inventory is expended as purchased and is not recorded as an asset on the balance sheet. On the GAAP basis fund financial statements, inventory has been recorded on the consumption method. Also, proceeds of long-term borrowing are recognized as "other financing source" revenue and principal paid is considered an expenditure when paid. Bond issue costs are recognized as expenditures when bonds are issued (rather than amortizing over the life of the bonds). OPEB costs are expensed when paid instead of when the liability is incurred.

4. CASH AND INVESTMENTS

Cash and Investments (recorded at cost) consisted of:

Demand Deposits	\$ 11,617
Petty Cash	388
Local Government Investment Pool	28,377,870
Investments	24,805,601
	<u>\$ 53,195,476</u>

Allocated:	
Governmental Funds	\$ 52,994,595
Agency Fund	200,881
	<u>\$ 53,195,476</u>

DEPOSITS - Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. For the fiscal year ended June 30, 2013, the bank balance was \$1,218,003, all of which was insured by Federal Depository Insurance or deposited in an approved depository for public funds and thus is collateralized under ORS 295.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure deposits will not be recovered. There is no formal deposit policy for custodial credit risk. As of June 30, 2013, all deposits are insured.

INVESTMENTS – State statutes authorize investment in obligations of the U.S. Treasury and U.S. agencies, bankers’ acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor’s Corporation or P1 by Moody’s Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer’s investment pool. The investments during the year were invested in the state treasurer’s investment pool.

The State Treasurer’s Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State’s investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent Investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The Pool is unrated.

Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized. At June 30, 2013 the value of the Pool shares as reported in Oregon Short Term Fund audited financial statements represent the full value of LGIP. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

At year-end, the investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 28,377,870	\$ 28,377,870	\$ -
Corporate Securities and US Agencies	24,805,601	24,805,601	-
Total	<u>\$ 53,183,471</u>	<u>\$ 53,183,471</u>	<u>\$ -</u>

Interest Rate Risk – Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond 3 months.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the deposit will not be recovered. There is no formal investment policy for custodial credit risk. All

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (CONTINUED)

of the investments are with the LGIP. Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration Risk

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the LGIP is invested in, which is not required to have a risk rating. State statutes do not limit the percentage of investments in this instrument. As of June 30, 2013 53% of the investments were in the State Treasurer's Investment Pool and the remaining with corporate securities and US Agencies.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Adjustments	Additions	Deletions	Ending Balance
Governmental Activities:	July 1, 2012	Adjustments	Additions	Deletions	June 30, 2013
Capital Assets Not Being Depreciated:					
Land	\$ 5,637,085	\$ -	\$ 239,916	\$ -	\$ 5,877,001
Construction in Progress	781,236	(781,236)	3,172,683	-	3,172,683
Total Capital Assets Not Being Depreciated	<u>6,418,321</u>	<u>(781,236)</u>	<u>3,412,599</u>	<u>-</u>	<u>9,049,684</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	52,694,202	1,799,639	11,193,760	-	65,687,601
Vehicles and Equipment	2,843,568	126,698	99,980	(29,835)	3,040,411
Total Capital Assets Being Depreciated	<u>55,537,770</u>	<u>1,926,337</u>	<u>11,293,740</u>	<u>(29,835)</u>	<u>68,728,012</u>
Accumulated Depreciation:					
Buildings and Improvements	(18,293,363)	(3,049)	(1,147,722)	-	(19,444,134)
Vehicles and Equipment	(1,867,832)	-	(112,791)	29,835	(1,950,788)
Total Accumulated Depreciation	<u>(20,161,195)</u>	<u>(3,049)</u>	<u>(1,260,513)</u>	<u>29,835</u>	<u>(21,394,922)</u>
Total Capital Assets Being Depreciated, Net	<u>35,376,575</u>	<u>1,923,288</u>	<u>10,033,227</u>	<u>-</u>	<u>47,333,090</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,794,896</u>	<u>\$ 1,142,052</u>	<u>\$ 13,445,826</u>	<u>\$ 29,835</u>	<u>\$ 56,382,774</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

Capital assets were restated due to management correcting errors and misclassifications that were not reported in the previous years. See Note 13 for additional information on adjustments made.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		
Instruction	\$	722,837
Support Services		455,915
Community Services		<u>81,761</u>
Total Depreciation Expense- Governmental Activities	\$	<u><u>1,260,513</u></u>

6. INTERFUND TRANSACTIONS

Operating transfers between funds were made to fund the various programs and activities as follows:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 275,000	\$ -
Non-Major Funds	<u>80,000</u>	<u>355,000</u>
	<u><u>\$ 355,000</u></u>	<u><u>\$ 355,000</u></u>

The internal transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG TERM DEBT

There are three general obligation bond issue approved by voters to finance various capital projects. On May 27 2009, a Qualified Zone Academy Bond agreement was entered into to finance capital projects, at a zero percent interest rate for 15 years.

	QZAB Purchase Agreement	GO Bonds Series 2011A	GO Bonds Series 2011B	Total
Balance 7/1/12	\$ 1,571,429	\$ 47,475,000	\$ 15,000,000	\$ 64,046,429
Additions	-	-	-	-
Payments & Deletions	(142,857)	(1,025,000)	-	(1,167,857)
Balance 6/30/13	<u>\$ 1,428,572</u>	<u>\$ 46,450,000</u>	<u>\$ 15,000,000</u>	<u>\$ 62,878,572</u>

Amounts Payable
in Fiscal Year:

2013-14	\$ 142,857	\$ 1,185,000	\$ -	\$ 1,327,857
2014-15	142,857	1,300,000	-	1,442,857
2015-16	142,857	1,405,000	-	1,547,857
2016-17	142,857	1,515,000	-	1,657,857
2017-18	142,857	1,645,000	-	1,787,857
2018-23	714,287	8,980,000	-	9,694,287
2023-28	-	-	15,000,000	15,000,000
2028-33	-	17,000,000	-	17,000,000
2033-38	-	13,420,000	-	13,420,000
Total	<u>\$ 1,428,572</u>	<u>\$ 46,450,000</u>	<u>\$ 15,000,000</u>	<u>\$ 62,878,572</u>

Changes in long term debt outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2012	Additions	Matured And Redeemed	Outstanding June 30, 2013	Due Within One Year
May 29, 2009	0%	2,000,000	\$ 1,571,429	\$ -	\$ 142,857	\$ 1,428,572	\$ 142,857
August 11, 2011	2.0-5.0%	48,000,000	47,475,000	-	1,025,000	46,450,000	1,185,000
August 11, 2011	4.9%	15,000,000	15,000,000	-	-	15,000,000	-
OPEB Liability	n/a	n/a	2,040,146	9,347	-	2,049,493	-
Total Long Term Debt			<u>\$ 66,086,575</u>	<u>\$ 9,347</u>	<u>\$ 1,167,857</u>	<u>\$ 64,928,065</u>	<u>\$ 1,327,857</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. RETIREMENT PLAN

Contributions are made to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

PERS is administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700 or by calling 1-503-598-7377.

Members of PERS are required to contribute 6% of their salary covered under the plan. 6% is paid on behalf of the members for the administrative, certified, and classified employees. The District is required by ORS 238.225 to contribute at an actuarially determined rate. The rate effective July 1, 2011 is 19.48% of salary covered under the plan for Tier 1 and Tier 2 employees (PERS) and 17.97% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The contributions to PERS for the years ended June 30, 2013, 2012, and 2011 were \$4,036,749, \$4,114,022, and \$3,597,947, respectively, equal to the required contributions for each year.

See financial statement note 9 for actuarial information related to Post Employment Health Insurance Subsidy.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Early Retirement Liability

An early retirement plan is authorized by a collective bargaining agreement. The plan is, in substance, a single employer defined benefit pension plan. To qualify, an employee must be an administrative or certificated employee, be 55 years old at retirement date, retire under PERS, and have 15 years of service if retiring as a licensed employee, 3 years if retiring as an administrator with the District.

Currently, the plan provides the retirees a stipend which the retiree can choose to receive in four annual payments, or the retiree can use the stipend to pay the premiums for the retiree and his or her family under the medical and dental insurance programs. Under the medical insurance option, payments continue until the stipend amount is depleted or until the retirees reached age 65. Currently, nineteen retirees meet the eligibility requirements. The amount of health insurance paid on behalf of retirees was \$25,817 and \$43,374 for the 2012-2013 and 2011-2012 fiscal years respectively. Such costs are recorded as expenditures and funded on a budgetary basis. Total retirement stipend expenditures for the fiscal years 2012-2013 and 2011-2012 were \$43,617 and \$23,777 respectively. Future obligations will be funded through annual appropriations.

The District implemented GASB Statement #50, Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27, for the fiscal year ended June 30, 2009. This implementation allows the district to report its liability for other post employment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements. The District maintains single employer post-employment benefit programs (commonly referred to as early retirement). These programs cover licensed and administrative personnel of the District, individual employees, and certain retired employees.

Contributions and Funding Policy – The benefits from this program are fully paid and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. Consequently, it has not been found necessary to establish a pension trust fund, and payments are made on a pay-as-you-go basis each year out of the General Fund. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan. The total annual expenditures recognized on a budgetary basis were approximately \$69,434 and \$67,151 for the years ended June 30, 2013 and 2012 respectively.

Annual OPEB Cost and Net OPEB Obligation – The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Liability

The following table shows the components of the annual OPEB cost for the year ending June 30, 2013, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	2013	2012	2011
Annual required contribution	\$ 317,621	\$ 489,883	\$ 499,117
Interest on net pension obligation	34,645	34,151	32,973
Adjustment to annual required contribution	441,896	452,677	437,062
Annual pension cost (APC)	(89,630)	71,357	95,028
Contributions made	67,128	59,017	65,578
Increase in net pension obligation	(156,758)	12,340	29,450
Net Pension Obligation (Asset) at beginning of year	866,115	853,775	824,325
Net Pension Obligation (Asset) at end of year	\$ 709,357	\$ 866,115	\$ 853,775
Percentage of APC contributed	-75%	-82.71%	-69.01%

Actuarial Methods and Assumptions - The annual required contribution (ARC) for the current year was determined as part of the July 1, 2012 actuarial valuation using the Projected Unit Credit Cost Method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 4% compounded annually; (b) no future increase in benefit payable from this program; and (c) no post-retirement benefit increases and a payroll increase of 3.75%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued in as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized over an initial period of four years as a level percentage of payroll for stipend benefits.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Liability (Continued)

Funding Status

Program membership consisted on the following at June 30, 2013:

Active Program Members:

Vested	12
Non-vested	202
Spouses of Ineligible Retirees	0
	<u>214</u>

Post Employment Health Insurance Subsidy

Plan Description - A single-employer retiree benefit plan is operated that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements.

The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Funding Policy - The benefits from this program are paid and the required contribution is based on projected pay-as-you go financing requirements. The retiree is to receive the same health care coverage as active employees. Administrative employees may receive \$1,000 for each full year of District service up to \$12,000. Employees may choose from multiple insurance plans and has the option to add a spouse. The retiree is responsible for any portion of the premiums not paid by the District.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Post Employment Health Insurance Subsidy (Continued)

Annual Pension Cost and Net Pension Obligation - The annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within the parameter of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year:

The following table shows the components of the OPEB obligation at the end of the year:

	2013	2012	2011
Annual required contribution	\$ 433,843	\$ 685,121	\$ 649,226
Interest on net pension obligation	46,961	32,746	19,569
Adjustment to annual required contribution	79,595	55,635	33,248
Annual OPEB Cost	401,209	662,232	635,547
Contributions made	235,104	306,855	306,123
Increase in net pension obligation	166,105	355,377	329,424
Net OPEB Obligation (Asset) at beginning of year	1,174,031	818,654	489,230
Net OPEB Obligation (Asset) at end of year	\$ 1,340,136	\$ 1,174,031	\$ 818,654
Percentage of APC contributed	59%	46.34%	48.17%

Actuarial Methods and Assumptions - The annual required contribution (ARC) for the current year was determined as part of the July 1, 2012 actuarial valuation using the Projected Unit Credit Cost Method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 4% compounded annually; (b) no future increase in benefit payable from this program; and (c) no post-retirement benefit increases and a payroll increase of 3.75%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Post Employment Health Insurance Subsidy (Continued)

Funding Status

Program membership consisted on the following at June 30, 2013:

Active Program Members:

Vested	34
Non-vested	180
Spouses of Ineligible Retirees	<u>3</u>
	<u>217</u>

10. PROPERTY TAX LIMITATION

The voters of the State of Oregon approved ballot measure 5, a constitutional limit on property taxes for schools and nonschool government operations, in November, 1990. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue. The voters of the State of Oregon passed ballot measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

Measure 50 reduced the amount of operating property tax revenues available for its 1997-98 fiscal year, and thereafter. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the property tax limitations. The measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to the school districts. The ultimate impact as a result of this measure is not determinable at this time.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. COMMITMENTS AND CONTINGENCIES

Substantially all amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the management expects such amounts, if any, to be immaterial.

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through statewide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate, they can cause increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

The District, in the normal course of business, is named as a defendant in various lawsuits. There are two matters of pending or threatened litigation. The likely outcome of these lawsuits is not presently determinable and a liability has not been recorded in the financial statements.

12. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which commercial insurance is purchased. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. Also, the amounts of any settlements have not exceeded insurance coverage for any of the past three fiscal years.

13. PRIOR PERIOD ADJUSTMENT

The Statement of Activities includes a prior period adjustment of \$1,142,052. The adjustment resulted from capital assets, due to deletions and additions to assets that were discovered and corrected by the District. There was a second prior period adjustment of \$2,380,151 to the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. The adjustment resulted from debt that was incorrectly paid out of Capital Projects G.O. Bond Fund. The debt has been reclassified to the correct fund, the Debt Services Fund.

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REQUIRED SUPPLEMENTAL INFORMATION

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 EARLY RETIREMENT PROGRAM
 June 30, 2013

PLAN I (STIPENDS):

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
10/1/2008	\$ -	\$ 738,876	\$ 738,876	0.00%	\$ N/A	N/A
10/1/2009	-	807,461	807,461	0.00%	N/A	N/A
7/1/2012	-	542,678	542,678	0.00%	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ (16,575)	(415.00) %
2010	46,867	143.00
2010	95,028	69.00
2012	71,357	83.00
2013	(89,630)	(75.00)

The above table presents the most recent actuarial valuations for the District's post-retirement pension stipend and it provides information that approximates the funding progress of the plan.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3

MULTNOMAH COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

POST EMPLOYMENT HEALTH CARE

June 30, 2013

PLAN II (HEALTH INSURANCE)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
10/1/2008	\$ -	\$ 3,972,352	\$ 3,972,352	0.00%	\$ N/A	N/A
10/1/2009	-	4,162,481	4,162,481	0.00%	N/A	N/A
7/1/2012	-	3,341,799	3,341,799	0.00%	N/A	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 565,083	60.00 %
2010	594,134	56.00
2011	635,547	48.00
2012	662,232	46.00
2013	401,209	59.00

The above table presents the most recent actuarial valuations for the District's post-retirement health insurance and it provides information that approximates the funding progress of the plan.

MULTNOMAH COUNTY SCHOOL DISTRICT # 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET
	<u>BUDGET</u>		<u>ACTUAL</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
From Local Sources:				
Taxes-Current Levy	\$ 13,300,000	\$ 13,300,000	\$ 13,290,585	\$ (9,415)
Taxes-Prior Levies	325,000	325,000	380,829	55,829
Tuition	6,000	6,000	7,980	1,980
Transportation	30,000	30,000	46,376	16,376
Earnings on Investments	50,000	50,000	48,903	(1,097)
Rental Income	9,000	9,000	-	(9,000)
Extra Curricular	41,000	41,000	41,661	661
Other Local Revenue	112,750	112,750	285,219	172,469
Total From Local Sources	<u>13,873,750</u>	<u>13,873,750</u>	<u>14,101,553</u>	<u>227,803</u>
From Intermediate Sources:				
County School Funds	5,000	5,000	2,666	(2,334)
MESD Reimbursement	130,000	130,000	-	(130,000)
Other Intermediate Revenue	-	-	353,953	353,953
Total From Intermediate Sources	<u>135,000</u>	<u>135,000</u>	<u>356,619</u>	<u>221,619</u>
From State Sources:				
School Support Fund	12,324,782	12,324,782	12,178,539	(146,243)
Common School Fund	320,000	320,000	344,965	24,965
Total From State Sources	<u>12,644,782</u>	<u>12,644,782</u>	<u>12,523,504</u>	<u>(121,278)</u>
Total Revenues	<u>\$ 26,653,532</u>	<u>\$ 26,653,532</u>	<u>\$ 26,981,676</u>	<u>\$ 328,144</u>

MULTNOMAH COUNTY SCHOOL DISTRICT # 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

GENERAL FUND	BUDGET		SALARIES	EMPLOYEE BENEFITS	PURCHASED SERVICES
	ORIGINAL	FINAL			
EXPENDITURES:					
Instruction:					
Primary, K-3	\$ 5,511,362	\$ 5,520,352	\$ 3,616,997	\$ 2,055,273	\$ 1,851
Elementary Extra-Curricular	7,969	7,969	5,998	1,991	-
Technology	20,266	20,266	4,846	1,871	-
Middle School Programs	2,958,540	2,958,679	1,809,063	988,375	7,333
Middle School Extra-Curricular	94,762	93,262	71,975	24,104	-
High School Programs	3,654,953	3,650,098	2,256,407	1,259,113	51,060
High School Extra-Curricular	445,807	445,307	272,057	82,476	29,813
Special Education Tutoring	22,706	22,706	7,811	1,496	44
District Wide Tutoring	8,109	8,109	7,525	1,146	-
Talented and Gifted/Tutoring	17,472	15,722	9,372	3,606	-
Education for Mentally Disabled	2,212,228	2,212,977	1,262,566	850,520	3,745
Education for Emotionally Disabled	950,237	1,242,388	112,192	75,429	779,110
Learning Disabled	-	-	946	81	-
Extended School Year	-	-	633	212	-
Payments to Other in State District	5,000	5,000	-	-	-
District Alternative Programs	210,630	210,630	192,836	118,003	-
English as a Second Language	676,516	675,076	397,135	244,653	19,240
Total Instruction	16,796,557	17,088,541 (1)	10,028,359	5,708,349	892,196
Support Services:					
Student Safety	175,201	175,201	93,005	66,500	-
Counseling Services	1,008,251	1,005,263	589,644	389,747	2,700
Health Services	10,000	10,000	-	-	-
Medical Services - Medicaid	-	30,000	12,129	10,386	-
Psychological Services	287,078	287,078	205,438	94,758	3,647
Psychological Testing Services	1,500	1,500	-	-	1,595
Speech Pathology and Audiology Services	339,691	339,691	227,798	116,128	269
Other Student Treatment Services	2,000	2,000	-	-	-
Director - Student Support Services	339,284	336,784	149,361	89,349	249,024
Staff/Curriculum Development	276,130	276,130	153,469	71,842	1,810
Educational Media Services	276,267	271,028	145,552	110,232	12
Instructional Staff Development	35,490	36,500	323	50,760	156
Board of Education Services	86,000	86,000	-	-	65,852
Graduation	9,000	9,000	2,126	437	6,867
Office of the Superintendent	284,344	284,344	173,955	92,048	9,863
Office of the Principal	1,928,463	1,938,347	1,272,167	764,486	861
Personal Administration	292,130	292,130	166,137	91,194	7,657
Fiscal Services	714,693	714,693	293,888	198,862	11,953
Care and Upkeep of Buildings	2,615,108	2,615,108	701,744	482,935	1,046,281
Operation & Maintenance of Plant Services	83,223	83,223	26,641	19,544	477
Vehicle Operation Services	685,479	685,479	249,775	179,084	84,496
Instructional Field Trip	22,937	22,937	12,106	4,482	18,857
Special Ed Transportation	420,578	420,578	184,943	145,549	180,044
Transportation/Extracurricular	30,158	30,158	20,439	7,999	-
Printing, Publish, Duplication	81,461	81,461	6,681	7,560	(7,745)
Evaluation Services	-	-	(1,620)	-	-
Technology Services	394,358	394,358	226,377	119,867	688
Total Support Services	10,398,824	10,428,991 (1)	4,912,078	3,113,749	1,685,364
Community Services	100,000	100,000 (1)	-	-	90,057
Contingency	250,000	250,000 (1)	-	-	-
Debt Services					
Principal	143,000	143,000	-	-	-
Total Debt Service	143,000	143,000 (1)	-	-	-
Total Expenditures	27,688,381	28,010,532	\$ 14,940,437	\$ 8,822,098	\$ 2,667,617
Excess of Revenues Over, -Under Expenditures	(1,034,849)	(1,357,000)			
Other Financing Sources, (Uses):					
Transfers In	275,000	275,000			
Total Other Financing Sources, (Uses)	275,000	275,000			
Net Change in Fund Balance	(759,849)	(1,082,000)			
Beginning Fund Balance	1,082,000	1,082,000			
Ending Fund Balance	\$ 322,151	\$ -			

(1) Appropriation Level

SUPPLIES AND MATERIALS	CAPITAL OUTLAY	OTHER OBJECTS	TOTAL	VARIANCE TO FINAL BUDGET
\$ 69,730	\$ -	\$ 560	\$ 5,744,411	\$ (224,059)
-	-	-	7,989	(20)
6,239	-	-	12,956	7,310
49,562	-	-	2,854,333	104,346
5,101	-	81	101,261	(7,999)
26,150	-	1,541	3,594,271	55,827
25,697	-	16,845	426,888	18,419
-	-	-	9,351	13,355
-	-	-	8,671	(562)
-	-	-	12,978	2,744
5,022	-	-	2,121,853	91,124
-	-	-	966,731	275,657
2,169	-	-	3,196	(3,196)
-	-	-	845	(845)
-	-	-	-	5,000
340	-	-	311,179	(100,549)
2,673	-	-	663,701	11,375
<u>192,683</u>	<u>-</u>	<u>19,027</u>	<u>16,840,614</u>	<u>247,927</u>
-	-	-	159,505	15,696
108	-	-	982,199	23,064
-	-	-	-	10,000
-	-	-	22,515	7,485
-	-	-	303,843	(16,765)
1,590	-	-	3,185	(1,685)
12	-	-	344,207	(4,516)
1,035	-	-	1,035	965
28,853	-	5,852	522,439	(185,655)
3,733	-	2,022	232,876	43,254
18,703	-	328	274,827	(3,799)
310	-	394	51,943	(15,443)
5,885	-	11,291	83,028	2,972
202	-	-	9,632	(632)
6,580	-	4,300	286,746	(2,402)
8,563	-	1,038	2,047,115	(108,768)
3,744	-	8,546	277,278	14,852
5,759	-	169,249	679,711	34,982
128,695	-	7,739	2,367,394	247,714
10,004	-	-	56,666	26,557
94,018	-	96,276	703,649	(18,170)
-	-	-	35,445	(12,508)
-	-	-	510,536	(89,958)
1,208	-	-	29,646	512
33,690	-	2,560	42,746	38,715
-	-	-	(1,620)	1,620
12,603	-	23,339	382,874	11,484
<u>365,295</u>	<u>-</u>	<u>332,934</u>	<u>10,409,420</u>	<u>19,571</u>
-	-	-	90,057	9,943
-	-	-	-	250,000
-	-	142,857	142,857	143
-	-	142,857	142,857	143
<u>\$ 557,978</u>	<u>\$ -</u>	<u>\$ 351,961</u>	<u>27,482,948</u>	<u>527,584</u>
			(501,272)	855,728
			<u>275,000</u>	-
			<u>275,000</u>	-
			(226,272)	855,728
			<u>435,642</u>	<u>(646,358)</u>
			<u>209,370</u>	<u>\$ 209,370</u>

RECONCILIATION TO GAAP FUND BALANCE

Early Retirement Fund Ending Fund Balance	253,177
Technology Replacement Fund Ending Fund Balance	28
Textbook Fund Ending Fund Balance	68,622
General Fund Ending Fund Balance	<u>\$ 531,197</u>

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SUPPLEMENTARY INFORMATION

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources				
Current Year's Taxes	\$ 3,482,255	\$ 3,482,255	\$ 3,494,771	\$ 12,516
Prior Year's Taxes	75,000	75,000	87,819	12,819
Interest on Taxes	15,000	15,000	23,480	8,480
Revenues From Local Sources	<u>3,572,255</u>	<u>3,572,255</u>	<u>3,606,070</u>	<u>33,815</u>
EXPENDITURES:				
Debt Service-Principal	1,025,000	1,025,000	1,025,000	-
Debt Service-Interest	2,077,850	2,109,823	2,109,759	64
Total Expenditures	<u>3,102,850</u>	<u>3,134,823 (1)</u>	<u>3,134,759</u>	<u>64</u>
Net Change in Fund Balance	469,405	437,432	471,311	33,879
Beginning Fund Balance	554,145	554,145	2,955,132	2,400,987
Prior Period Adjustment	-	-	(2,380,151)	(2,380,151)
Ending Fund Balance	<u>\$ 1,023,550</u>	<u>\$ 991,577</u>	<u>\$ 1,046,292</u>	<u>\$ 54,715</u>

(1) Appropriation Level

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

CAPITAL PROJECTS G.O. BOND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Interest on Investments	\$ 599,589	\$ 599,589	\$ 428,809	\$ (170,780)
Miscellaneous Local Sources		-	34,582	34,582
Total Revenues	<u>599,589</u>	<u>599,589</u>	<u>463,391</u>	<u>(136,198)</u>
EXPENDITURES:				
Support Services:				
Salaries	65,138	-	-	-
Employee Benefits	34,093	-	-	-
Total Support Services	<u>99,231</u>	<u>- (1)</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Construction:				
Salaries	-	65,138	63,442	1,696
Employee Benefits	-	34,093	31,457	2,636
Purchased Services	228,251	38,479,020	3,583,218	34,895,802
Materials and Services	-	-	439,037	(439,037)
Capital Outlay	-	-	9,153,474	(9,153,474)
Other	300,000	300,000	1,252,663	(952,663)
Total Facilities Acquisition and Construction	<u>528,251</u>	<u>38,878,251 (1)</u>	<u>14,523,291</u>	<u>24,354,960</u>
Debt Service:				
Interest and Fees	-	99,231	62,843	36,388
Total Debt Service	<u>-</u>	<u>99,231 (1)</u>	<u>62,843</u>	<u>36,388</u>
Total Expenditures	<u>627,482</u>	<u>38,977,482</u>	<u>14,586,134</u>	<u>24,391,348</u>
Net Change in Fund Balance	(27,893)	(38,377,893)	(14,122,743)	24,255,150
Beginning Fund Balance	24,791,691	63,141,691	59,717,091	(3,424,600)
Prior Period Adjustment	-	-	2,380,151	2,380,151
Ending Fund Balance	<u>\$ 24,763,798</u>	<u>\$ 24,763,798</u>	<u>\$ 47,974,499</u>	<u>\$ 23,210,701</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	THOMPSON SPECIAL FUND	PRIVATE GRANTS FUND	TRANS- PORTATION FUND
ASSETS:					
Cash and Cash Equivalents	\$ 61,242	\$ 41,123	\$ 471,529	\$ 32,884	\$ 6,503
Accounts and Grants Receivable	-	49,547	-	7,562	-
Total Assets	\$ 61,242	\$ 90,670	\$ 471,529	\$ 40,446	\$ 6,503
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ -	\$ 26,010	\$ 736	\$ 6,150	\$ -
Total Liabilities	-	26,010	736	6,150	-
Fund Balances:					
Restricted	61,242	64,660	-	34,296	-
Committed	-	-	470,793	-	6,503
Total Fund Balances	61,242	64,660	470,793	34,296	6,503
Total Liabilities and Fund Balances	\$ 61,242	\$ 90,670	\$ 471,529	\$ 40,446	\$ 6,503

COMMUNITY CENTER FUND	RISK MANAGEMENT FUND	CAPITAL EQUIPMENT FUND	CAPITAL PROJECTS FUND	NONMAJOR FEDERAL SPECIAL REVENUE FUNDS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ (15,614) 23,886	\$ 324,301 -	\$ 101,242 -	\$ 38,124 6,333	\$ (838,399) 856,599	\$ 222,935 943,927
<u>\$ 8,272</u>	<u>\$ 324,301</u>	<u>\$ 101,242</u>	<u>\$ 44,457</u>	<u>\$ 18,200</u>	<u>\$ 1,166,862</u>
\$ 1,701	\$ 20,166	\$ -	\$ -	\$ 18,200	\$ 72,963
<u>1,701</u>	<u>20,166</u>	<u>-</u>	<u>-</u>	<u>18,200</u>	<u>72,963</u>
- 6,571	- 304,135	- 101,242	44,457 -	- -	204,655 889,244
<u>6,571</u>	<u>304,135</u>	<u>101,242</u>	<u>44,457</u>	<u>-</u>	<u>1,093,899</u>
<u>\$ 8,272</u>	<u>\$ 324,301</u>	<u>\$ 101,242</u>	<u>\$ 44,457</u>	<u>\$ 18,200</u>	<u>\$ 1,166,862</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	THOMPSON SPECIAL FUND	PRIVATE GRANTS FUND	TRANS- PORTATION FUND
REVENUES:					
Intergovernmental-Federal	\$ -	\$ 1,582,659	\$ -	\$ -	\$ -
Charges for Services	-	187,009	458,641	-	-
Earnings on Investments	348	-	-	-	-
Miscellaneous	-	24,234	15,632	83,898	75,000
Total Revenues	348	1,793,902	474,273	83,898	75,000
EXPENDITURES:					
Current:					
Instruction	-	-	-	63,517	-
Support Services	-	-	371,598	31,305	99,980
Enterprise and Community Services	-	1,849,889	-	2,650	-
Facilities Acquisition and Construction	-	-	-	-	-
Total Expenditures	-	1,849,889	371,598	97,472	99,980
Excess of Revenues Over, - Under Expenditures	348	(55,987)	102,675	(13,574)	(24,980)
Other Financing Sources, (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(280,000)	-	-
Total Other Financing Sources, (Uses)	-	-	(280,000)	-	-
Net Change in Fund Balance	348	(55,987)	(177,325)	(13,574)	(24,980)
Beginning Fund Balance	60,894	120,647	648,118	47,870	31,483
Ending Fund Balance	\$ 61,242	\$ 64,660	\$ 470,793	\$ 34,296	\$ 6,503

COMMUNITY CENTER FUND	RISK MANAGEMENT FUND	CAPITAL EQUIPMENT FUND	CAPITAL PROJECTS FUND	NONMAJOR FEDERAL SPECIAL REVENUE FUNDS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 2,139,859	\$ 3,722,518
62,455	-	-	-	-	708,105
-	-	-	-	-	348
41,758	371,561	-	127,473	-	739,556
104,213	371,561	-	127,473	2,139,859	5,170,527
-	-	3,177	-	1,916,120	1,982,814
-	315,221	270	425,954	214,528	1,458,856
178,763	-	-	-	9,211	2,040,513
-	-	-	17,295	-	17,295
178,763	315,221	3,447	443,249	2,139,859	5,499,478
(74,550)	56,340	(3,447)	(315,776)	-	(328,951)
80,000	-	-	-	-	80,000
-	(75,000)	-	-	-	(355,000)
80,000	(75,000)	-	-	-	(275,000)
5,450	(18,660)	(3,447)	(315,776)	-	(603,951)
1,121	322,795	104,689	360,233	-	1,697,850
\$ 6,571	\$ 304,135	\$ 101,242	\$ 44,457	\$ -	\$ 1,093,899

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
 ALL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS
 June 30, 2013

	<u>IDEA</u>	<u>TITLE IA</u>	<u>PRIORITY FOCUS GRANT</u>	<u>CARL PERKINS</u>	<u>TITLE IIA QUALITY TEACHER</u>
ASSETS:					
Cash and Cash Equivalents	\$ (300,540)	\$ (456,325)	\$ (25,329)	\$ (4,246)	\$ (17,829)
Accounts and Grants Receivable	310,874	456,887	28,779	5,737	20,192
Total Assets	<u>\$ 10,334</u>	<u>\$ 562</u>	<u>\$ 3,450</u>	<u>\$ 1,491</u>	<u>\$ 2,363</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 10,334	\$ 562	\$ 3,450	\$ 1,491	\$ 2,363
Total Liabilities	<u>10,334</u>	<u>562</u>	<u>3,450</u>	<u>1,491</u>	<u>2,363</u>
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 10,334</u>	<u>\$ 562</u>	<u>\$ 3,450</u>	<u>\$ 1,491</u>	<u>\$ 2,363</u>

TITLE III LANGUAGE INSTRUCTION	SYSTEM PERFORMANCE REVIEW	MCKINNEY VENTO GRANT	SCHOOL IMPROVEMENT FUND	TOTAL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS
\$ (32,429)	\$ (1,701)	\$ -	\$ -	\$ (838,399)
<u>32,429</u>	<u>1,701</u>	<u>-</u>	<u>-</u>	<u>856,599</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,200</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,200</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,200</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,200</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013

	<u>IDEA</u>	<u>TITLE IA</u>	<u>PRIORITY FOCUS GRANT</u>	<u>CARL PERKINS</u>	<u>TITLE IIA TEACHER QUALITY</u>
REVENUES:					
Federal Sources	\$ 633,376	\$ 1,213,253	\$ 48,130	\$ 39,978	\$ 57,567
Total Revenues	<u>633,376</u>	<u>1,213,253</u>	<u>48,130</u>	<u>39,978</u>	<u>57,567</u>
EXPENDITURES:					
Current:					
Instruction	625,417	1,167,470	48,130	-	-
Support Services	7,959	44,337	-	39,978	49,802
Community Services	-	1,446	-	-	7,765
Total Expenditures	<u>633,376</u>	<u>1,213,253</u>	<u>48,130</u>	<u>39,978</u>	<u>57,567</u>
Net Change in Fund Balance	-	-	-	-	-
Beginning Fund Balance	-	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TITLE III LANGUAGE INSTRUCTION	SYSTEMS PERFORMANCE GRANT	MCKINNEY VENO GRANT	SCHOOL IMPROVEMENT GRANT	TOTAL
\$ 68,311	\$ 4,141	\$ 13,811	\$ 61,292	\$ 2,139,859
68,311	4,141	13,811	61,292	2,139,859
-	-	13,811	61,292	1,916,120
68,311	4,141	-	-	214,528
-	-	-	-	9,211
68,311	4,141	13,811	61,292	2,139,859
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY SCHOOL DISTRICT #3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

TAX ANTICIPATION NOTE FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources				
Earnings on Investments	\$ 20,000	\$ 20,000	\$ 348	\$ (19,652)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>348</u>	<u>(19,652)</u>
EXPENDITURES:				
Support Services-Fiscal Services				
Purchased Services	<u>5,578</u>	<u>5,578</u>	-	<u>5,578</u>
Total Support Services	<u>5,578</u>	<u>5,578 (1)</u>	-	<u>5,578</u>
Debt Services				
Principal	4,035,000	4,035,000	-	4,035,000
Interest	<u>75,000</u>	<u>75,000</u>	-	<u>75,000</u>
Total Debt Services	<u>4,110,000</u>	<u>4,110,000 (1)</u>	-	<u>4,110,000</u>
Total Expenditures	<u>4,115,578</u>	<u>4,115,578</u>	-	<u>4,115,578</u>
Excess of Revenues Over, -Under Expenditures	(4,095,578)	(4,095,578)	348	(4,095,926)
Other Financing Sources, (Uses):				
TANS Proceeds	<u>4,035,000</u>	<u>4,035,000</u>	-	<u>4,035,000</u>
Total Other Financing Sources, (Uses)	<u>4,035,000</u>	<u>4,035,000</u>	-	<u>4,035,000</u>
Net Change in Fund Balance	(60,578)	(60,578)	348	(60,926)
Beginning Fund Balance	<u>60,578</u>	<u>60,578</u>	<u>60,894</u>	<u>(316)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,242</u>	<u>\$ (61,242)</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

FOOD SERVICE FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Sales of Meals	\$ 195,500	\$ 195,500	\$ 187,009	\$ (8,491)
Miscellaneous	10,000	10,000	1,873	(8,127)
State Sources:				
State School Lunch Match	23,000	23,000	22,361	(639)
Federal Sources:				
School Nutrition	1,625,000	1,625,000	1,511,447	(113,553)
Commodities	75,000	75,000	71,212	(3,788)
Total Revenues	<u>1,928,500</u>	<u>1,928,500</u>	<u>1,793,902</u>	<u>(134,598)</u>
EXPENDITURES:				
Enterprise and Community Services:				
Food Services:				
Salaries	378,807	378,807	385,807	(7,000)
Employee Benefits	307,005	307,005	313,061	(6,056)
Purchased Services	192,800	192,800	209,213	(16,413)
Supplies and Materials	876,872	876,872	938,800	(61,928)
Capital Outlay	108,200	108,200	-	108,200
Other Objects	4,000	4,000	3,008	992
Total Enterprise and Community Services	<u>1,867,684</u>	<u>1,867,684</u>	<u>(1) 1,849,889</u>	<u>17,795</u>
Contingency	<u>100,000</u>	<u>100,000</u>	<u>(1) -</u>	<u>100,000</u>
Total Expenditures	<u>1,967,684</u>	<u>1,967,684</u>	<u>1,849,889</u>	<u>117,795</u>
Net Change in Fund Balance	(39,184)	(39,184)	(55,987)	(16,803)
Beginning Fund Balance	<u>357,874</u>	<u>357,874</u>	<u>120,647</u>	<u>(237,227)</u>
Ending Fund Balance	<u>\$ 318,690</u>	<u>\$ 318,690</u>	<u>\$ 64,660</u>	<u>\$ (254,030)</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

THOMPSON SPECIAL FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources				
Rental/Lease	\$ 459,436	\$ 459,436	\$ 458,641	\$ (795)
Contributions from Private Sources	15,000	15,000	15,632	632
Total Revenues	<u>474,436</u>	<u>474,436</u>	<u>474,273</u>	<u>(163)</u>
EXPENDITURES:				
Support Services:				
Operations and Maintenance of Plant:				
Salaries	107,623	107,623	84,261	23,362
Employee Benefits	38,799	38,799	34,395	4,404
Purchased Services	443,813	443,813	178,252	265,561
Supplies and Materials	24,189	24,189	58,586	(34,397)
Other Objects	24,000	24,000	16,104	7,896
Total Support Services	<u>638,424</u>	<u>638,424 (1)</u>	<u>371,598</u>	<u>266,826</u>
Facilities Acquisition and Construction:				
Capital Outlay	150,000	150,000	-	150,000
Total Facilities Acquisition and Construction	<u>150,000</u>	<u>150,000 (1)</u>	<u>-</u>	<u>150,000</u>
Contingency	60,000	60,000 (1)	-	60,000
Total Expenditures	<u>848,424</u>	<u>848,424</u>	<u>371,598</u>	<u>476,826</u>
Excess of Revenues Over, -Under Expenditures	(373,988)	(373,988)	102,675	476,663
Other Financing Sources, (Uses):				
Transfers Out	(300,000)	(300,000) (1)	(280,000)	20,000
Total Other Financing Sources, (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(280,000)</u>	<u>20,000</u>
Net Change in Fund Balance	(673,988)	(673,988)	(177,325)	496,663
Beginning Fund Balance	874,127	874,127	648,118	(226,009)
Ending Fund Balance	<u>\$ 200,139</u>	<u>\$ 200,139</u>	<u>\$ 470,793</u>	<u>\$ 270,654</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

PRIVATE GRANTS FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 109,863	\$ 114,863	\$ 83,898	\$ (30,965)
Total Revenues	<u>109,863</u>	<u>114,863</u>	<u>83,898</u>	<u>(30,965)</u>
EXPENDITURES:				
Instruction:				
Salaries	7,500	17,500	21,716	(4,216)
Employee Benefits	2,500	2,500	7,263	(4,763)
Purchased Services	30,490	30,490	16,899	13,591
Supplies and Materials	11,755	11,755	11,774	(19)
Other objects	-	-	5,865	(5,865)
Total Instruction	<u>52,245</u>	<u>62,245</u> (1)	<u>63,517</u>	<u>(1,272)</u>
Support Services:				
Salaries	42,600	32,600	10,030	22,570
Employee Benefits	13,584	13,584	2,688	10,896
Purchased Services	200	200	2,691	(2,491)
Supplies and Materials	24,009	24,009	6,792	17,217
Other objects	-	-	9,104	(9,104)
Total Support Services	<u>80,393</u>	<u>70,393</u> (1)	<u>31,305</u>	<u>39,088</u>
Enterprise/Community Services:				
Purchased Services	-	5,000	2,650	2,350
Supplies and Materials	197	197	-	197
Total Enterprise/Community Services	<u>197</u>	<u>5,197</u> (1)	<u>2,650</u>	<u>2,547</u>
Total Expenditures	<u>132,835</u>	<u>137,835</u>	<u>97,472</u>	<u>40,363</u>
Net Change in Fund Balance	(22,972)	(22,972)	(13,574)	9,398
Beginning Fund Balance	<u>22,972</u>	<u>22,972</u>	<u>47,870</u>	<u>24,898</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,296</u>	<u>\$ 34,296</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

TRANSPORTATION FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
State Sources:				
SSF-Transportation	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
EXPENDITURES:				
Support Services:				
Capital Outlay	100,000	100,000 (1)	99,980	20
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>99,980</u>	<u>20</u>
Net Change in Fund Balance	(25,000)	(25,000)	(24,980)	20
Beginning Fund Balance	<u>31,483</u>	<u>31,483</u>	<u>31,483</u>	<u>-</u>
Ending Fund Balance	<u>\$ 6,483</u>	<u>\$ 6,483</u>	<u>\$ 6,503</u>	<u>\$ 20</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

COMMUNITY CENTER FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Swim Pool	\$ 44,833	\$ 44,833	\$ 38,611	\$ (6,222)
Rentals	10,000	10,000	23,844	13,844
Miscellaneous	30,000	30,000	41,758	11,758
	<u>84,833</u>	<u>84,833</u>	<u>104,213</u>	<u>19,380</u>
Total Revenues				
EXPENDITURES:				
Enterprise and Community Services:				
Salaries	127,251	127,251	118,842	8,409
Employee Benefits	54,391	54,391	54,368	23
Purchased Services	2,280	2,280	249	2,031
Supplies and Materials	911	911	1,811	(900)
Other	-	-	3,493	(3,493)
	<u>184,833</u>	<u>184,833 (1)</u>	<u>178,763</u>	<u>6,070</u>
Total Expenditures				
Excess of Revenues Over, -Under Expenditures	(100,000)	(100,000)	(74,550)	25,450
Other Financing Sources, (Uses):				
Transfers In	100,000	100,000	80,000	20,000
	<u>100,000</u>	<u>100,000</u>	<u>80,000</u>	<u>20,000</u>
Total Other Financing Sources, (Uses)				
Net Change in Fund Balance	-	-	5,450	5,450
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>1,121</u>	<u>1,121</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,571</u>	<u>\$ 6,571</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

RISK MANAGEMENT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Cobra / Self Paid Insurance	\$ 350,000	\$ 350,000	\$ 261,208	\$ (88,792)
Unemployment Insurance	60,000	60,000	49,057	(10,943)
Other Income	10,000	10,000	61,296	51,296
Total Revenues	<u>420,000</u>	<u>420,000</u>	<u>371,561</u>	<u>(48,439)</u>
EXPENDITURES:				
Support Services:				
Reimbursed Replacement Insurance:				
Salaries	7,260	7,260	-	7,260
Employee Benefits	1,905	1,905	-	1,905
Purchased Services	15,000	15,000	220	14,780
Supplies and Materials	28,335	28,335	2,779	25,556
Other Objects	25,000	25,000	-	25,000
Staff Services:				
Employee Benefits	500,000	500,000	312,222	187,778
Total Expenditures	<u>577,500</u>	<u>577,500 (1)</u>	<u>315,221</u>	<u>262,279</u>
Excess of Revenues Over, -Under Expenditures	(157,500)	(157,500)	56,340	(310,718)
Other Financing Sources, (Uses):				
Transfers Out	(75,000)	(75,000) (1)	(75,000)	-
Total Other Financing Sources, (Uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net Change in Fund Balance	(232,500)	(232,500)	(18,660)	213,840
Beginning Fund Balance	<u>321,648</u>	<u>321,648</u>	<u>322,795</u>	<u>1,147</u>
Ending Fund Balance	<u>\$ 89,148</u>	<u>\$ 89,148</u>	<u>\$ 304,135</u>	<u>\$ 214,987</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

CAPITAL EQUIPMENT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Instruction	42,498	41,998 (1)	3,177	38,821
Support Services	-	500 (1)	270	230
Community Services	63,947	63,947 (1)	-	63,947
Total Expenditures	<u>106,445</u>	<u>106,445</u>	<u>3,447</u>	<u>102,998</u>
Net Change in Fund Balance	(106,445)	(106,445)	(3,447)	102,998
Beginning Fund Balance	<u>106,445</u>	<u>106,445</u>	<u>104,689</u>	<u>(1,756)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,242</u>	<u>\$ 101,242</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>CAPITAL PROJECTS FUND</u>				
REVENUES:				
Local Revenue:				
Construction Excise Tax	\$ 20,000	\$ 20,000	\$ 53,315	\$ 33,315
Miscellaneous Local Revenue	100,000	100,000	74,158	(25,842)
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>127,473</u>	<u>7,473</u>
EXPENDITURES:				
Support:				
Purchased Services	393,500	393,500	394,207	(707)
Supplies & Materials	-	-	10,160	(10,160)
Capital Outlay	-	17,295	14,926	2,369
Other	-	-	6,661	(6,661)
Total Support	<u>393,500</u>	<u>410,795 (1)</u>	<u>425,954</u>	<u>(15,159)</u>
Facilities Acquisition & Construction				
Capital Outlay	-	62,177	17,048	45,129
Other	-	-	247	(247)
Total Facilities Acquisition & Construction	<u>-</u>	<u>62,177 (1)</u>	<u>17,295</u>	<u>44,882</u>
Total Expenditures	<u>393,500</u>	<u>472,972</u>	<u>443,249</u>	<u>29,723</u>
Net Change in Fund Balance	(273,500)	(352,972)	(315,776)	37,196
Beginning Fund Balance	<u>280,761</u>	<u>360,233</u>	<u>360,233</u>	<u>-</u>
Ending Fund Balance	<u>\$ 7,261</u>	<u>\$ 7,261</u>	<u>\$ 44,457</u>	<u>\$ 37,196</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

	<u>IDEA (PL 101-476) GRANTS</u>			VARIANCE TO FINAL BUDGET
	<u>BUDGET</u>		<u>ACTUAL</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources:				
Grants-in-aid	\$ 650,000	\$ 650,000	\$ 633,376	\$ (16,624)
Total Revenues	<u>650,000</u>	<u>650,000</u>	<u>633,376</u>	<u>(16,624)</u>
EXPENDITURES:				
Instruction:				
Salaries	376,158	377,827	315,693	62,134
Employee Benefits	250,842	250,842	213,672	37,170
Purchased Services	12,500	10,831	84,555	(73,724)
Materials and Services	2,500	2,500	11,497	(8,997)
Total Instruction	<u>642,000</u>	<u>642,000</u>	<u>625,417</u>	<u>16,583</u>
Support Services:				
Salaries	4,355	4,355	5,754	(1,399)
Employee Benefits	1,645	1,645	1,060	585
Purchased Services	-	-	324	(324)
Materials and Services	2,000	2,000	221	1,779
Other	-	-	600	(600)
Total Support Services	<u>8,000</u>	<u>8,000</u>	<u>7,959</u>	<u>41</u>
Total Expenditures	<u>650,000</u>	<u>650,000</u>	<u>633,376</u>	<u>16,624</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>TITLE IA GRANT FUND</u>				
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 1,500,000	\$ 1,500,000	\$ 1,213,253	\$ (286,747)
EXPENDITURES:				
Instruction:				
Special Programs/Title IA:				
Salaries	790,970	790,970	647,939	143,031
Employee Benefits	441,166	441,166	396,729	44,437
Purchased Services	105,000	105,000	73,616	31,384
Supplies and Materials	83,874	83,874	34,772	49,102
Other Objects	5,000	5,000	14,414	(9,414)
Total Instruction	1,426,010	1,426,010 (1)	1,167,470	258,540
Support Services:				
Attendance and Social Services				
Salaries	23,691	23,691	22,088	1,603
Employee Benefits	15,766	15,766	15,264	502
Purchased Services	-	-	4,235	(4,235)
Supplies and Materials	17,033	17,033	2,724	14,309
Other Objects	-	-	26	(26)
Total Support Services	56,490	56,490 (1)	44,337	12,153
Community Service:				
Purchased Services	-	-	1,446	(1,446)
Supplies & Materials	16,500	17,500	-	17,500
Total Community Services	16,500	17,500 (1)	1,446	16,054
Total Expenditures	1,499,000	1,500,000	1,213,253	286,747
Net Change in Fund Balance	1,000	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ 1,000	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

PRIORITY FOCUS GRANT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources:				
Priority Focus Grant	\$ -	\$ 120,000	\$ 48,130	\$ (71,870)
Total Revenues	<u>-</u>	<u>120,000</u>	<u>48,130</u>	<u>(71,870)</u>
EXPENDITURES:				
Instruction:				
Salaries	-	120,000	27,366	92,634
Employee Benefits	-	-	5,934	(5,934)
Purchased Services	-	-	7,437	(7,437)
Supplies and Materials	-	-	1,343	(1,343)
Other	-	-	6,050	(6,050)
Total Instruction	<u>-</u>	<u>120,000 (1)</u>	<u>48,130</u>	<u>71,870</u>
Total Expenditures	<u>-</u>	<u>120,000</u>	<u>48,130</u>	<u>71,870</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

CARL PERKINS GRANT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources:				
Grants-in-aid	\$ 55,000	\$ 55,000	\$ 39,978	\$ (15,022)
EXPENDITURES:				
Support Services:				
Improvement of Instruction:				
Salaries	15,200	10,632	4,458	6,174
Employee Benefits	3,300	845	1,003	(158)
Purchased Services	1,000	6,947	5,693	1,254
Supplies and Materials	32,500	28,047	27,490	557
Other Objects	3,000	8,529	1,334	7,195
Total Support Services	55,000	55,000 (1)	39,978	15,022
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

TITLE IIA QUALITY TEACHER GRANT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 175,000	\$ 175,000	\$ 57,567	\$ (117,433)
EXPENDITURES:				
Support Services:				
Salaries	73,193	73,193	22,462	50,731
Employee Benefits	25,907	25,907	6,918	18,989
Purchased Services	32,000	32,000	7,129	24,871
Supplies and Materials	11,825	11,825	376	11,449
Other Objects	30,000	20,000	12,917	7,083
Total Support Services	172,925	162,925 (1)	49,802	113,123
Community Services:				
Nonpublic School Students:				
Purchased Services	-	-	782	(782)
Supplies and Materials	-	10,200	386	9,814
Other Objects	1,875	1,875	6,597	(4,722)
Total Community Services	1,875	12,075 (1)	7,765	4,310
Total Expenditures	174,800	175,000	57,567	117,433
Net Change in Fund Balance	200	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ 200	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

TITLE III LANGUAGE INSTRUCTION GRANT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 150,000	\$ 150,000	\$ 68,311	\$ (81,689)
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>68,311</u>	<u>(81,689)</u>
EXPENDITURES:				
Support Services:				
Improvement of Instruction:				
Salaries	75,747	106,063	39,946	66,117
Employee Benefits	28,476	21,838	13,925	7,913
Purchased Services	14,000	1,000	1,681	(681)
Supplies and Materials	30,500	13,705	11,114	2,591
Other Objects	1,277	7,393	1,645	5,748
Total Support Services	<u>150,000</u>	<u>150,000 (1)</u>	<u>68,311</u>	<u>81,689</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

SYSTEM PERFORMANCE REVIEW GRANT

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources:				
Restricted through State	\$ 4,427	\$ 4,427	\$ 4,141	\$ (286)
Total Revenues	<u>4,427</u>	<u>4,427</u>	<u>4,141</u>	<u>(286)</u>
EXPENDITURES:				
Support Services:				
Instructional Staff Development:				
Salaries	2,900	2,900	2,932	(32)
Employee Benefits	977	977	802	175
Purchased Services	100	100	125	(25)
Supplies and Materials	450	450	282	168
Total Support Services	<u>4,427</u>	<u>4,427 (1)</u>	<u>4,141</u>	<u>286</u>
Total Expenditures	<u>4,427</u>	<u>4,427</u>	<u>4,141</u>	<u>286</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

MCKINNEY-VENTO GRANT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 20,000	\$ 20,000	\$ 13,811	\$ (6,189)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>13,811</u>	<u>(6,189)</u>
EXPENDITURES:				
Instruction				
Salaries	17,500	17,500	11,307	6,193
Employee Benefits	1,500	1,500	1,252	248
Supplies & Materials	1,000	1,000	1,252	(252)
Total Instruction	<u>20,000</u>	<u>20,000 (1)</u>	<u>13,811</u>	<u>6,189</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>13,811</u>	<u>6,189</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

SCHOOL IMPROVEMENT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources				
Restricted through State	\$ 40,000	\$ 61,293	\$ 61,292	\$ (1)
Total Revenues	40,000	61,293	61,292	(1)
EXPENDITURES:				
Instruction:				
Salaries	15,000	15,000	11,143	3,857
Employee Benefits	5,000	5,000	3,719	1,281
Purchased Services	-	21,293	27,824	(6,531)
Supplies & Materials	20,000	20,000	17,693	2,307
Other	-	-	913	(913)
Total Expenditures	40,000	61,293 (1)	61,292	1
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

EARLY RETIREMENT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES:				
Support Services:				
Supplemental Retirement Program:				
Salaries	\$ 250,000	\$ 250,000	\$ 82,849	\$ 167,151
Employee Benefits	25,100	25,100	7,408	17,692
Total Support Services	<u>275,100</u>	<u>275,100</u>	(1) <u>90,257</u>	<u>184,843</u>
Contingency	<u>50,000</u>	<u>50,000</u>	(1) <u>-</u>	<u>50,000</u>
Total Expenditures	<u>325,100</u>	<u>325,100</u>	<u>90,257</u>	<u>234,843</u>
Net Change in Fund Balance	(325,100)	(325,100)	(90,257)	234,843
Beginning Fund Balance	<u>356,741</u>	<u>356,741</u>	<u>343,434</u>	<u>(13,307)</u>
Ending Fund Balance	<u>\$ 31,641</u>	<u>\$ 31,641</u>	<u>\$ 253,177</u>	<u>\$ 221,536</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

TECHNOLOGY REPLACEMENT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources:				
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Support Services				
Purchased Services	-	-	88	(88)
Supplies and Materials	30,000	36,789	36,673	116
Total Expenditures	30,000	36,789 (1)	36,761	28
Net Change in Fund Balance	(30,000)	(36,789)	(36,761)	28
Beginning Fund Balance	36,789	36,789	36,789	-
Ending Fund Balance	<u>\$ 6,789</u>	<u>\$ -</u>	<u>\$ 28</u>	<u>\$ 28</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2013

	<u>TEXTBOOK FUND</u>			
	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES:				
Instruction:				
Instructional Staff:				
High School Programs - Materials and Supplies	\$ 107,289	\$ 107,289	\$ 12,702	\$ 94,587
Total Expenditures	<u>107,289</u>	<u>107,289 (1)</u>	<u>12,702</u>	<u>94,587</u>
Net Change in Fund Balance	(107,289)	(107,289)	(12,702)	94,587
Beginning Fund Balance	<u>107,289</u>	<u>107,289</u>	<u>81,324</u>	<u>(25,965)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,622</u>	<u>\$ 68,622</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.3
MULTNOMAH, OREGON

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended June 30, 2013

	<u>BALANCE</u> <u>7/1/12</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/13</u>
<u>STUDENT ACTIVITY FUNDS</u>				
ASSETS:				
Cash	<u>\$ 168,907</u>	<u>\$ 501,407</u>	<u>\$ 469,433</u>	<u>\$ 200,881</u>
Total Assets	<u>\$ 168,907</u>	<u>\$ 501,407</u>	<u>\$ 469,433</u>	<u>\$ 200,881</u>
LIABILITIES:				
Due to Student Organizations	<u>\$ 168,907</u>	<u>\$ 501,407</u>	<u>\$ 469,433</u>	<u>\$ 200,881</u>
Total Liabilities	<u>\$ 168,907</u>	<u>\$ 501,407</u>	<u>\$ 469,433</u>	<u>\$ 200,881</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2013

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/12	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/13
GENERAL FUND:						
Current:						
2012-2013	\$ 14,008,249	\$ 353,674	\$ (47,077)	\$ 5,769	\$ 13,224,366	\$ 388,901
Prior Years:						
2011-2012	436,711	(393)	(26,246)	14,307	177,313	247,852
2010-2011	234,886	(113)	(20,600)	14,590	73,499	155,490
2009-2010	159,564	(18)	(16,170)	17,164	56,589	103,987
2008-2009	57,751	(17)	(18,512)	11,875	31,839	19,292
Prior	39,142	(18)	(20,874)	3,421	4,799	16,908
Total Prior	928,054	(559)	(102,402)	61,357	344,039	543,529
Total General Fund	\$ 14,936,303	\$ 353,115	\$ (149,479)	\$ 67,126	\$ 13,568,405	\$ 932,430

RECONCILIATION TO REVENUE:

	FUND
Cash Collections by County Treasurers Above	\$ 13,568,405
June 30, 2012	(67,446)
June 30, 2013	65,069
Taxes In Lieu	105,386
Total Revenue	\$ 13,671,414

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2013

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/12	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/13
<u>DEBT SERVICE FUND:</u>						
Current:						
2012-2013	\$ 3,721,899	\$ 93,969	\$ (12,508)	\$ 1,533	\$ 3,513,626	\$ 103,329
Prior Years:						
2011-2012	93,729	(91)	1,754	3,328	41,247	57,655
2010-2011	55,642	(24)	(9,071)	3,171	15,974	33,792
2009-2010	35,448	(4)	(3,592)	3,813	12,572	23,101
2008-2009	12,310	(4)	(3,621)	2,630	7,051	4,272
Prior	9,293	(5)	(5,014)	803	1,124	3,963
Total Prior	206,422	(128)	(19,544)	13,745	77,968	122,783
Total Debt Service Fund	<u>\$ 3,928,321</u>	<u>\$ 93,841</u>	<u>\$ (32,052)</u>	<u>\$ 15,278</u>	<u>\$ 3,591,594</u>	<u>\$ 226,112</u>

RECONCILIATION TO REVENUE:	SERVICE FUND
Cash Collections by County Treasurers Above	\$ 3,591,594
Accrual of Receivables:	
June 30, 2012	(20,396)
June 30, 2013	16,259
Taxes In Lieu	(4,867)
Total Revenue	<u>\$ 3,582,590</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S ID NUMBER	GRANT PERIOD	GRANT AWARD	EXPENDITURES
U.S. Department of Education:					
Passed Through Oregon Department of Education:					
ECIA Title IA					
	84.010	22683	7/1/11-9/30/12	1,241,510	\$ 111,722
	84.010	25316	7/1/12-9/30/13	1,157,495	1,101,531
Priority Focus Grant					
	84.010	25658	8/1/12-9/30/13	20,000	20,000
	84.010	26917	8/1/12-9/30/13	23,600	10,105
	84.010	26918	8/1/12-9/30/13	23,700	5,337
	84.010	26919	8/1/12-9/30/13	24,800	10,713
	84.010	26920	8/1/12-9/30/13	24,000	1,975
School Improvement III					
	84.010	21701	9/1/10-9/30/12	66,400	8,643
	84.010	24402	9/1/11-9/30/12	52,650	52,650
Total ECIA Title IA					<u>1,322,676 (1)</u>
I.D.E.A					
	84.027	23666	7/1/11-9/30/12	641,601	-
	84.027	26545	10/1/12-9/30/13	7,957	7,957
	84.027	26767	7/1/12-9/30/14	621,064	621,064
	84.173	26337	7/1/12-9/30/14	4,355	4,355
System Performance Review					
	84.027	25852	8/1/12-6/30/13	3,265	3,265
	84.027	24998	9/1/12-6/30/13	900	876
Total Public Law 101-477 I.D.E.A.					<u>637,517</u>
Perkins School/Work					
	84.048	22139	7/1/11-9/30/12	42,331	3,643
	84.048	25154	7/1/12-9/30/13	42,829	36,335
Total Perkins School/Work					<u>39,978</u>
Title III - Language Instruction					
	84.365	22872	7/1/11-9/30/12	108,711	46,005
	84.365	25154	7/1/12-9/30/13	96,602	22,306
Total Title III Language Instruction					<u>68,311</u>
Title IIA					
	84.367	22872	7/1/11-9/30/12		16,289
	84.367	25544	7/1/12-9/30/13		41,278
Total Title IIA					<u>57,567</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

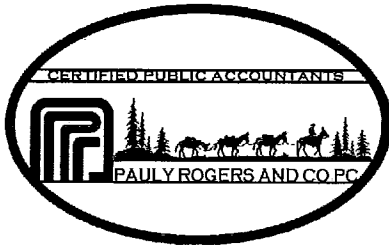
For the Year Ended June 30, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S ID NUMBER	GRANT PERIOD	GRANT AWARD	EXPENDITURES
McKinney Homless	84.196	22333	7/1/11-9/30/12	19,700	3,575
	84.196	26130	7/1/12-9/30/13	19,700	<u>10,236</u>
Total McKinney Homeless					<u>13,811</u>
Total U.S. Department of Education					<u>2,139,860</u>
U. S. Department of Agriculture					
Passed Through Oregon Department of Education:					
National School Breakfast	10.553	N/A	N/A	N/A	442,443
National School Lunch	10.555	N/A	N/A	N/A	864,998
Child Care - Food	10.558	N/A	N/A	N/A	80,778
Summer Lunch	10.559	N/A	N/A	N/A	27,286
Fresh Fruit and Vegetables	10.582	N/A	N/A	N/A	95,941
Donated USDA Commodities	10.555	N/A	N/A	N/A	<u>71,212</u>
Total U. S. Department of Agriculture					<u>1,582,658</u>
Total Federal Financial Assistance					<u>\$ 3,722,518</u>
(1) - Major Program					

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INDEPENDENT AUDITORS' REPORT AS REQUIRED BY
OREGON STATE REGULATIONS

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November 4, 2013

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Multnomah County School District No. 3, Multnomah County, Oregon, as of and for the year ended June 30, 2013, and have issued our report thereon dated November 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

In connection with our testing nothing came to our attention that caused us to believe the Multnomah County School District No. 3, Multnomah County, Oregon, was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1. Expenditures exceeded appropriation levels as noted on page 18.
2. Resolutions creating a new fund and new appropriations within funds were passed by the District without using the supplemental budget process as required by ORS 294.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the control over financial reporting.

This report is intended solely for the information and use of the Board of Directors, management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

GRANT COMPLIANCE REVIEW

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November 4, 2013

To the Board of Directors
Multnomah County School District No. 3
Multnomah County, Oregon

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 3 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

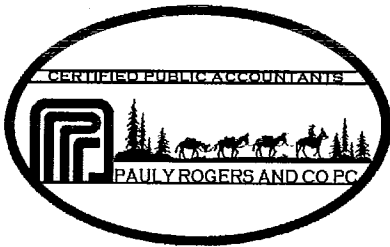
As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.



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November 4, 2013

To the Board of Directors
Multnomah County School District No. 3
Multnomah County, Oregon

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Report on Compliance for Each Major Federal Program

We have audited Multnomah County School District No. 3's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2013. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, Multnomah County School District No. 3, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(s) indentified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reporting in accordance with section 505(d)(2) of OMB Circular A-133? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(s) indentified that are not considered to be material weaknesses? yes none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section 510(a)? yes no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER **NAME OF FEDERAL PROGRAM CLUSTER**

84.010 Title I, Part A

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal expenditures includes federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.